

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **MADAM CHAIR EVE FRANKLIN**, on January 18, 2005
at 8:00 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Eve Franklin, Chairman (D)
Sen. Don Ryan, Vice Chairman (D)
Sen. John Esp (R)
Rep. Bill E. Glaser (R)
Rep. Verdell Jackson (R)
Rep. Carol C. Juneau (D)
Sen. Carol Williams (D)

Members Excused: : None

Members Absent: None.

Staff Present: Amy Carlson, OBPP
Mike Burke, OBPP
Jim Standaert, Legislative Branch
Diana Williams, Committee Secretary
Transcribed by Britt Nelson

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape counter notations refer to material preceding.

Committee Business Summary:

Hearing & Date Posted: Office of Public Instruction, :
Continuation State Levels (06)
& Local Levels (09)
Executive Action: None

Opening Remarks by Chair:

CHAIR FRANKLIN informed the Committee that they were going to be covering the Decision Packages (DPs) for the Office of Public Instruction (OPI).

OFFICE OF PUBLIC INSTRUCTION (OPI) HEARING

CONTINUATION OF PROGRAM (06)

STATE LEVEL ACTIVITIES

PRESENT LAW ADJUSTMENTS

On January 17, 2005, OPI provided various documents that will be used for the hearings. An updated schedule is Exhibit 1.

EXHIBIT(jeh13a01)

Pages E-15 to E-23 of the Legislative Budget Analysis 2007 Biennium is Exhibit 2.

EXHIBIT(jeh13a02)

Legislative Fiscal Division Comments:

Jim Standaert provided Volume 5 Addendum - Agency Budgets Schweitzer Revisions as Exhibit 3 and a corrected copy of DP 29 as Exhibit 4. A copy of the corresponding page from the Legislative Budget Analysis 2007 Biennium is part of Exhibit 4.

EXHIBIT(jeh13a03)

EXHIBIT(jeh13a04)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 2.4}

Madalyn Quinlan, Chief of Staff, OPI, addressed DP 18 -Statewide Student Assessment. There is no written documentation of this DP. She indicated that the request was for the increased costs of the State's contract with Riverside Publishing Company. The cost adjustment would be \$29,250 in the first year of the biennium and \$43,250 in the second year.

{Tape: 1; Side: A; Approx. Time Counter: 2.4 - 5.3}

QUESTIONS FROM SUBCOMMITTEE

Responding to REP. JUNEAU's question regarding the figure of \$253,000, **Ms. Quinlan** said that it was linked to just the costs of contracting with Riverside Publishing Company. OPI would incur the extra costs such as the State Assessment Director's position.

In regard to the question about testing, **Ms. Quinlan** explained that the contract paid the cost of testing provided to all of the school districts. The school districts' costs would include their staff learning to administer the tests in secure manner and in interpreting the test scores. There is also a separate contract, roughly \$2.3 million per year, for both a Criterion Reference Test and a Criterion Reference Test alternate.

{Tape: 1; Side: A; Approx. Time Counter: 5.3 - 8.9}

Responding to another question from REP. JUNEAU, **Ms. Quinlan** answered that the cost of scoring the tests, printing the reports, and sending them back to the school districts would be covered in the contract. The schools also received software which each school could use to analyze their test results.

{Tape: 1; Side: A; Approx. Time Counter: 8.9 - 10}

Julia Dilly, Division Administrator of the Fiscal Services Division, OPI, discussed DP 26 - Growth in Commodities and Cooperative Purchasing, DP 27 - Federal Grants, and DP 29 - Indirect Cost of Base Adjustments.

EXHIBIT(jeh13a05)

Ms. Quinlan addressed DP 30 - Statewide full-time-equivalent(FTE) Reduction and the National Board Certification Stipends. There is no documentation of DP 30 and it was not one OPI had requested. She explained that the DP carried forward a full-time-equivalent (FTE) reduction that was passed by the 2003 legislature. The impact would be a reduction of 1.6 FTEs to OPI for a savings of \$39,000 to the general fund. The Governor's proposal would remove that completely from the OPI budget. The National Board Certification stipend pays a \$3,000 one-time stipend to each teacher who completes a National Board Certification. She indicated that they were asking for a \$21,000 present law adjustment to pay for National Board Stipends in 2007.

PROGRAM 06
NEW PROPOSALS

Nancy Coopersmith, Assistant Superintendent, OPI, talked about DP 17 - Educator Preparation Unit Reviews and DP 53 - Gifted and Talented Assistance.

[EXHIBIT\(jeh13a06\)](#)

[EXHIBIT\(jeh13a07\)](#)

{Tape: 1; Side: A; Approx. Time Counter: 10 - 21.9}

Bob Runkel, Director of Special Education, OPI, covered DP 54 - Audiology Equipment - Restricted/one-time-only (OTO).

[EXHIBIT\(jeh13a08\)](#)

{Tape: 1; Side: A; Approx. Time Counter: 21.9 - 24}

Amy Carlson, OPBB Representative, encouraged the Committee to support these proposals.

Ms. Quinlan discussed DP 62 - Student Education Information Data System from the Schweitzer budget.

[EXHIBIT\(jeh13a09\)](#)

{Tape: 1; Side: A; Approx. Time Counter: 24 - 30.5}

{Tape: 1; Side: B; Approx. Time Counter: 0 - 11.6}

QUESTIONS FROM SUBCOMMITTEE

Ms. Carlson supported everything which Ms. Quinlan had said and reiterated that the data would be necessary as Montana moved to improve its school funding system. The information would be critical to achieving the goal of serving Montana's students.

{Tape: 1; Side: B; Approx. Time Counter: 11.6 - 12.5}

CHAIR FRANKLIN asked if there was a strategic plan for the data system and how long it would take to build a full system.

Ms. Quinlan replied that there was an ongoing piece to the proposal and a one-time-only piece to it as well. The ongoing part is the project management piece and the core staff. A significant amount of effort would be needed for initially building the system plus adding pieces over time. She did not have a ten to fifteen year cost estimate on the project.

Responding to **CHAIR FRANKLIN'S** question about cost estimates from other states, **Ms. Quinlan** replied there were 22 other states who have Student Information Systems at the state level and almost all the others have systems in progress. She promised to check the costs of other states who are further along in the process. The current consultants have worked in other states and are well aware of what other states have spent on the project.

{Tape: 1; Side: B; Approx. Time Counter: 12.5 - 16.4}

Bud Williams, Deputy Superintendent, OPI, presented the Superintendent's request for accreditation/technical assistance specialists.

EXHIBIT(jeh13a10)

EXHIBIT(jeh13a11)

{Tape: 1; Side: B; Approx. Time Counter: 16.4 - 24.5}

Ms. Carlson responded that the Governor's Office did not have any philosophical reason not to do this, there was just not enough money.

{Tape: 1; Side: B; Approx. Time Counter: 24.5 - 25}

QUESTIONS FROM SUBCOMMITTEE

Responding to **SEN. WILLIAMS'S** question about criteria for specialists from No Child Left Behind, (NCLB), **Mr. Williams** said they decided on the four most needed areas for curriculum specialists. OPI needs to provide the technical assistance to schools so that they can improve in those areas.

SEN. WILLIAMS stated there are many different ways children learn that are not being recognized, as shown by the cuts in the arts and music in Montana's schools.

Mr. Williams agreed with **SEN. WILLIAMS'** comment and claimed that they had to weigh priorities. They had not chosen art curriculum specialists to put in the budget but agreed they were important.

Mr. Williams thought that the bill would pass because it was important. He stated OPI can't do their jobs without the money and the curriculum specialists to meet the requirements.

{Tape: 1; Side: B; Approx. Time Counter: 25 - 28}

{Tape: 2; Side: A; Approx. Time Counter: 0 - 0.9}

SEN. RYAN asked if Mr. Williams believed that the small schools would benefit more from having curriculum specialists at the state level than the larger school districts.

Responding to **SEN. RYAN, Mr. Williams** believed through their work with curriculum groups and consortiums as well as professional development that they could provide instruction to all sizes of schools. The smaller schools did desperately needed that help.

{Tape: 2; Side: A; Approx. Time Counter: 0.9 - 2.4}

Linda McCulloch, Superintendent of Schools, commented while NCLB had produced a need to make progress in math and science, the impetus of the request did not come because of NCLB. Schools were feeling the need for curriculum specialists long before NCLB. She provided a few examples of the need for curriculum specialists.

{Tape: 2; Side: A; Approx. Time Counter: 2.4 - 4.9}

Ms. Coopersmith addressed the topics of measurement and accountability.

[EXHIBIT\(jeh13a12\)](#)

{Tape: 2; Side: A; Approx. Time Counter: 4.9 - 6.7}

Julia Dilly discussed the Superintendent's request for the Statewide Budgeting and Human Resource System (SABHRS).

[EXHIBIT\(jeh13a13\)](#)

[EXHIBIT\(jeh13a14\)](#)

{Tape: 2; Side: A; Approx. Time Counter: 6.7 - 12.7}

Ms. Carlson commented that generally the rates for the fixed costs are handled in the Section A committee. Any suggestion that committee might make would be presented through LFD.

{Tape: 2; Side: A; Approx. Time Counter: 12.7 - 13.5}

QUESTIONS FROM SUBCOMMITTEE

REP. JACKSON commented that he had not been familiar with a good system for charging indirect costs back to funds received from the federal government. The federal government was aggressive in trying to leverage State money to match federal money, which he felt always caused problems. He was encouraged to see that

Montana is starting to get some of the indirect costs into policy so that it is not always being negotiated.

{Tape: 2; Side: A; Approx. Time Counter: 13.5 - 15.6}

Ms. Dilly replied that OPI negotiates with the Department of Education every three years for indirect costs.

{Tape: 2; Side: A; Approx. Time Counter: 15.6 - 16.1}

PROPRIETARY FUND RATES

Ms. Dilly discussed the topics of Indirect Cost Pool and Advanced Drivers Education.

EXHIBIT(jeh13a15)

{Tape: 2; Side: A; Approx. Time Counter: 13.5 - 23}

Ms. Dilly informed the Committee that the Advanced Driver Education Program was the last in Program 06.

EXHIBIT(jeh13a16)

{Tape: 2; Side: A; Approx. Time Counter: 23 - 26.4}

QUESTIONS FROM SUBCOMMITTEE

CHAIR FRANKLIN remarked that she had participated in the Program and had found it critical for people who transport children.

***{Tape: 2; Side: A; Approx. Time Counter: 26.4 - 27.7; Comments:
End of Side A, Tape 2}***

PROGRAM (09)

LOCAL EDUCATION ACTIVITIES

Ms. McCulloch provided an overview of Program 09 and the priorities of the Office.

EXHIBIT(jeh13a17)

{Tape: 2; Side: B; Approx. Time Counter: 0 - 20.8}

Mr. Runkel covered the Special Education Report. He highlighted charts and graphs which contained important information.

EXHIBIT(jeh13a18)

{Tape: 2; Side: B; Approx. Time Counter: 20.8 - 25.5}

{Tape: 3; Side: A; Approx. Time Counter: 0 - 21.1}

QUESTIONS FROM SUBCOMMITTEE

SEN. ESP, referring to Page 25, noticed that reading and math scores were getting worse over the last few years. He wanted to know what attributed to the decline.

Mr. Runkel responded that the test population was relatively small and some of the trends may or may not be indicative of the real outcome. He assumed the declining scores had something to do with the coming and going of children in the special education program. Children in eleventh grade who take the test have significant disabilities but their parents want the children to continue receiving special education; the children taking these tests were more likely the ones with severe disabilities. They may have living skills but lack in academic skills.

Responding to **SEN. ESP's** question about what graduation rates were from NCLB, **CHAIR FRANKLIN** replied that it was 100%, all children must graduate.

{Tape: 3; Side: A; Approx. Time Counter: 21.1 - 24.5}

Ms. McCulloch responded to **SEN. ESP's** next question by stating that if she could rewrite NCLB, she would focus first on reading. She thinks that if children could read, there would be better attendance and graduation results.

{Tape: 3; Side: A; Approx. Time Counter: 24.5 - 25.8}

When **SEN. ESP** asked if she could quantify graduation rates, **Ms. McCulloch** said she had never considered how to rewrite the act because of the struggles she has had with implementation.

REP. JACKSON thought Montana may not be measuring the most appropriate aspects as children grow; the standards should rise each year. It has been his experience that students progress fairly rapidly and then hit a plateau. He questioned whether the measurements were fair and how Montana can do what is appropriate for the child rather than just following NCLB. He asked if there was any other way of telling what was happening to the children in 11th and 12th grade.

{Tape: 3; Side: A; Approx. Time Counter: 25.8 - 28.4}

Mr. Runkel indicated the alternate assessment is different than what will be reported two years from now. It will become a

criterion reference test, measured against alternate standards. The drawback is the alternate standards are still aligned with core academic subject matter such as reading and math and not the self-help and pre-vocational skills. He explained that they do not have the data collection system or a test to be able to measure these things.

{Tape: 3; Side: A; Approx. Time Counter: 28.4 - 29.5}

PRESENT LAW ADJUSTMENTS

Joan Anderson, Division Administrator of the School Finance Division, OPI, presented DP 1 - K-12 BASE Aid.

EXHIBIT(jeh13a19)

{Tape: 3; Side: B; Approx. Time Counter: 0 - 1.6}

Mr. Standaert, referring to Page E-20, pointed out how much of the changing costs were due to declining enrollment, inflation, and the higher interest income revenues on the common school trust as well as the special education trust.

Ms. Carson stated that the request was per the statute, which required the Executive Office to include a present law adjustment to account for inflation for the four schools. She commented that if the entitlement increases are contingent on legislation and the statutes do not get changed, then these amounts would not go to the schools even if they were appropriated by the Committee. All of the amounts were contained in statute.

Mr. Standaert mentioned the Interest and Income Account (I&I) savings of around \$1 million was related to the Executive Office's estimate of what that is regularly going to be. In House Joint Resolution 2 (HJ 2), they chose the LFD's revenue estimates for the I&I account which are approximately \$7 million higher for the biennium. The Committee could chose the HJ 2 numbers and save \$7 million or use the numbers from the Executive Office.

{Tape: 3; Side: B; Approx. Time Counter: 1.6 - 4.3}

Mr. Runkel talked about DP 5 - Special Education Increase to 2005 Levels.

EXHIBIT(jeh13a20)

{Tape: 3; Side: B; Approx. Time Counter: 4.3 - 5.8}

Ms. Anderson covered DP 19 - Transportation Aid - Increased State Obligation, DP 20 - School Facility Reimbursement, DP 22 - School Block Grants, and DP 23 - School District Audit Filing Fee.

[EXHIBIT\(jeh13a21\)](#)

[EXHIBIT\(jeh13a22\)](#)

[EXHIBIT\(jeh13a23\)](#)

[EXHIBIT\(jeh13a24\)](#)

{Tape: 3; Side: B; Approx. Time Counter: 5.8 - 9.8}

Mr. Standaert added that on Page E-20, the second to the bottom item is a mistake. DP 23 and DP 25 are separate.

Ms. Dilly covered DP 25 - Biennial Appropriations and DP 28 - Federal Grants.

[EXHIBIT\(jeh13a25\)](#)

[EXHIBIT\(jeh13a26\)](#)

{Tape: 3; Side: B; Approx. Time Counter: 9.8 - 12.8}

QUESTIONS FROM SUBCOMMITTEE

Responding to **SEN. ESP's** question regarding the new version of SB 152, **Ms. McCulloch** replied it was printed before the hearing.

SEN. ESP followed up by asking how transportation would be administered and handled in SB 152 and if general funds are needed; **Ms. McCulloch** asked to answer those questions tomorrow.

{Tape: 3; Side: B; Approx. Time Counter: 12.8 - 16.8}

Local Education Activities Program (09) - New Proposals

Mr. Runkel addressed DP 6 - Special Education Increase and the topic of Increased Entitlements and Special Education.

[EXHIBIT\(jeh13a27\)](#)

{Tape: 3; Side: B; Approx. Time Counter: 16.8 - 18.4}

Ms. Carlson reported that the proposal was appropriate and it was increased in Governor Schweitzer's budget.

{Tape: 3; Side: B; Approx. Time Counter: 18.4 - 19.5}

Ms. Anderson did a presentation on DP 61 - Additional School Facility Reimbursements from the Schweitzer budget.

[EXHIBIT\(jeh13a28\)](#)

QUESTIONS FROM SUBCOMMITTEE

Responding to **CHAIR FRANKLIN**, **Ms. Anderson** replied that DP 61 was not contingent on any current legislation but there might be legislation in the future which would affect it.

Ms. Carlson clarified that the special education portion of the DP could be added without changing any legislation. However, entitlements might be changed by the legislature. The Governor's Office had decided not to enter an additional education funding bill since there were so many. They could amend some of these in order to get done what they needed to accomplish.

{Tape: 3; Side: B; Approx. Time Counter: 19.5 - 25.7}

Responding to **SEN. ESP's** question about county retirement triggering a local tax increase, **Ms. Anderson** assumed the entitlements and the special education block grants would provide money to the schools to increase personnel. Retirement for the increased staff would come from county retirement mill levees.

Ms. Carlson commented that an average from the last four years could be used as a standard rate. The average of the last four years for the amount which the State would cover was 27%.

{Tape: 3; Side: B; Approx. Time Counter: 25.7 - 28}

Ms. Anderson discussed DP 21 - Additional School Facility Reimbursements from the Schweitzer budget and DP 63 - Additional School Facility Reimbursements from the Martz Budget.

[EXHIBIT\(jeh13a29\)](#)

[EXHIBIT\(jeh13a30\)](#)

{Tape: 4; Side: A; Approx. Time Counter: 0 - 4.1}

QUESTIONS FROM SUBCOMMITTEE

SEN. ESP asked if there was a plan for the ongoing solvency of the program for the next biennium.

Ms. Carlson answered that there was a large portion of the proposal which anticipated bonds being passed. When additional bonds are passed there will be a doubling up of payments for the

first year. The ongoing amount will be higher than the Martz budget and lower than the Schweitzer budget.

SEN. ESP wanted to know if this issue was contained in SB 152's plan; **Ms. McCulloch** did not know.

{Tape: 4; Side: A; Approx. Time Counter: 4.1 - 5.9}

Responding to **REP. JACKSON's** question about which facilities qualify, **Ms. Carlson** explained that the facility guarantee payments are contained in statute and were updated last session. The amount of bond payments is guaranteed and would be approaching 25-30% of the total cost of the bonds statewide..

{Tape: 4; Side: A; Approx. Time Counter: 5.9 - 8.2}

Ms. Anderson proceeded to address HB 83 - Tuition.

EXHIBIT(jeh13a31)

{Tape: 4; Side: A; Approx. Time Counter: 8.2 - 10.8}

Ms. Carlson asserted the Governor's Office supported this legislation and a great mechanism for funding tuition. The bill would need HB 2 appropriations.

{Tape: 4; Side: A; Approx. Time Counter: 10.8 - 12}

Mr. Standaert added that if the bill passed the cost would be added on to the base aid formula at the end. On the revenue side, they would show increased revenue from the bill as well. The net affect of the fund balance would be zero.

Ms. Coopersmith discussed DP 50 - Gifted and Talented - Additional Funding.

EXHIBIT(jeh13a32)

{Tape: 4; Side: A; Approx. Time Counter: 12 - 14.6}

QUESTIONS FROM SUBCOMMITTEE

Responding to **SEN. ESP**, **Ms. Coopersmith** said that the \$85,000 per year in Program 09 was money for the schools and went to schools in the form of non-competitive grants.

{Tape: 4; Side: A; Approx. Time Counter: 14.6 - 15.8}

REP. GLAZER commented that if OPI did not distribute the money so the educational opportunity was statewide, they might have a constitutional problem.

Ms. Coopersmith said that grants are based on school size so smaller schools would receive less money than larger schools. OPI doesn't control who applies for the grants.

SEN. ESP wanted to know if this issue would be handled in SB 152 as far as how to equitably distribute the funds.

Ms. McCulloch replied they did not have accurate information at this time. In the Gifted and Talented Program, the legislature's intent was the money would be given out by a formula grant.

{Tape: 4; Side: A; Approx. Time Counter: 15.8 - 19.2}

Responding to **REP. JUNEAU**, **Ms. Coopersmith** said there were guidelines in State statute and administrative rules that define the requirement for all schools in providing gifted and talented services. While 7% of the student population are currently being served, research shows that at least 11% should be served.

{Tape: 4; Side: A; Approx. Time Counter: 19.2 - 20.4}

Spencer Sartorius, Assistant Superintendent, OPI, covered DP 51 - Career and Technical Education - Additional Funding.

EXHIBIT(jeh13a33)

{Tape: 4; Side: A; Approx. Time Counter: 20.4 - 23.9}

Ms. Quinlan discussed Per Educator Entitlement - HB 111, K-12 BASE Aid and Full Day Kindergarten - HB 47.

EXHIBIT(jeh13a34)

{Tape: 4; Side: A; Approx. Time Counter: 23.9 - 26.6}

Ms. Carlson introduced DP 64. This legislation proposed by Governor Schweitzer increases the exemption for Class A property taxes from \$5,000 to \$20,000. A current bill, which she could not recall, would reduce property taxes collected by school districts. The proposal is more or less a place holder for the amount of money which they had set aside.

Mr. Standaert claimed that it was dependent on other legislation so the proposal may not even come into effect.

Closing Comments by Chair:

MADAM CHAIR FRANKLIN indicated that public testimony would be heard the next day.

{Tape: 4; Side: B; Approx. Time Counter: 0 - 1.6}

There is a summary of the Executive proposals for OPI for the 2007 biennium which was provided by LFD.

EXHIBIT(jeh13a35)

ADJOURNMENT

Adjournment: 12:00 P.M.

REP. EVE FRANKLIN, Chairman

For DIANA WILLIAMS, Secretary

EF/dw

Additional Exhibits:

EXHIBIT ([jeh13aad0.PDF](#))